

**SECRET**

REPORT NO.

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SUPPLEMENT TO  
REPORT NO.

1. The showing of the SED in the current S-Bahn strike in Berlin while fairly well planned on the upper level demonstrates the incapability of the party for organized activity. The party was out-planned and out-maneuvered by the UGO in the western sectors. By 22 May the leaders of the strike-breaking units could not keep their personnel at their posts, although in many cases individual members continued to fight.
2. Thoughtful Communistic SED party members now completely lack the hope of turning the SED into an effective political or revolutionary party. As a consequence, many have lost interest in their party work. The situation is complicated by the fact that there are possibly as many as eighty per cent leading SED figures who are opportunists and who are not willing to admit the failure of the party for fear of losing their positions.
3. The official program for the SED in the future will be:
  - a. To put the accent on nationalistic propaganda not for the benefit of SED but to create a situation of resurgent nationalism.
  - b. To attempt to influence reputable Germans to favor cooperation between the USSR and Germany by the use of groups such as the Nauheim Circle.
  - c. The formation of a new party embracing nationalistic elements which can be diverted to Communist aims.\*

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\* Comment: The reluctance of top SED leaders to concede the failure of the party in its present form will prevent the tactical formation of a reliable and effective Kader within the party. The possibility exists that a secret Kader may be formed for the purpose of creating a revolt within the party.

NO CHANGES in 1954.

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